Nobel Resources Corp.
(formerly Nobel29 Resources Corp.)

Condensed Interim Consolidated Financial Statements

For the three and nine months ending June 30, 2021

(Expressed in Canadian Dollars)
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

Nobel Resources Corp. (formerly Nobel29 Resources Corp.)
Condensed Interim Consolidated Statement of Financial Position
Expressed in Canadian Dollars- unaudited

As at:	Note	**June 30, 2021 $**	September 30, 2020 $
ASSETS			
Current			
Cash		**5,392,765**	8,227
Amounts receivable		**145,630**	14,673
Prepaid expenses and advances		**209,659**	-
Total current assets		**5,748,054**	22,900
Long-term			
Exploration and evaluation assets	**5**	**-**	1
Right-of-use asset	**6**	**10,748**	-
Total assets		**5,758,802**	22,901
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**11**	**629,037**	80,849
Lease liability	**6**	**11,006**	-
Total liabilities		**640,043**	80,849
SHAREHOLDERS' EQUITY			
Common shares	**7**	**10,468,927**	2,369,183
Warrant reserve	**8**	**410,864**	1,127,900
Option reserve	8	**2,645,702**	-
Deficit		**(8,406,734)**	(3,555,031)
Total shareholders' equity		**5,118,759**	(57,948)
Total liabilities and shareholders' equity		**5,758,802**	22,901

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 5 and 14)

Approved on behalf of the Board of Directors on August 24, 2021:

Signed: *“Lawrence Guy”*, Director

Signed: *“David Gower”*, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Nobel Resources Corp. (formerly Nobel29 Resources Corp.)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
Expressed in Canadian Dollars- unaudited

		Three months ended June 30,		Nine months ended June 30,	
		2021	2020	**2021**	2020
	Note	**$**	$	**$**	$
Expenses					
Exploration and evaluation expenses	5	**2,578,992**	-	**4,276,952**	-
Consulting and management fees	11	**144,307**	-	**671,451**	-
Professional fees		**302,663**	3,148	**411,969**	10,745
Amortization	6	**3,582**	-	**9,553**	-
Shareholder communication and filing fees		**31,567**	600	**167,372**	6,253
Promotion		**75,826**	-	**108,493**	-
Travel expenses		**1,030**	-	**1,030**	-
Office expenses		**137,946**	-	**149,022**	250
Share-based compensation	8	**2,645,702**	-	**2,645,702**	-
(Loss) for the period before other items		**(5,921,615)**	(3,748)	**(8,441,544)**	(17,248)
Other items					
Interest expense		**(242)**	-	**(785)**	-
Foreign exchange gain/(loss)		**(18,756)**	-	**35,595**	-
Net and comprehensive (loss) for the period		**(5,940,613)**	**(3,748)**	**(8,406,734)**	(17,248)
Basic and diluted (loss) per share		**(0.09)**	(0.00)	**$ (0.13)**	$ (0.00)
Weighted average number of common shares outstanding					
Basic and Diluted		**65,771,929**	13,321,817	**65,771,929**	13,321,817

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Nobel Resources Corp. (formerly Nobel29 Resources Corp.)

Condensed Interim Consolidated Statement of Changes in Shareholders’ Equity

Expressed in Canadian Dollars- unaudited

	Number of shares	Common Shares	Warrant Reserve	Option Reserve	Deficit	Shareholders' equity/(deficiency)
	#	$	$	$	$	$
Balance, September 30, 2019	**12,905,335**	**2,339,183**	**-**	**1,127,900**	**(3,517,261)**	**(50,178)**
Common shares issued - private placement	**600,000**	30,000	-	-	-	30,000
Loss and comprehensive loss for the period	-	-	-	-	(17,248)	(17,248)
Balance, June 30, 2020	**13,505,335**	**2,369,183**	**-**	**1,127,900**	**(3,534,509)**	**(37,426)**
Balance, September 30, 2020	**13,505,335**	**2,369,183**	**1,127,900**	**-**	**(3,555,031)**	**(57,948)**
Private placements (Note 7)	41,712,500	2,885,000	-	-	-	2,885,000
Share issue costs	-	(68,411)	-	-	-	(68,411)
Reverse takeover transaction (Note 1)	(11,479,630)	(2,369,183)	(1,127,900)	-	3,555,031	57,948
Subscription receipts (Note 7)	22,020,000	8,808,000	373,000			9,181,000
Share issue costs	-	(1,121,398)	-	-	-	(1,121,398)
Warrants issued (Note 8)	-	(40,060)	40,060	-	-	-
Warrants exercised (Note 8)	36,000	5,796	(2,196)	-	-	3,600
Option reserve (Note 8)	-	-	-	2,645,702	-	2,645,702
Loss and comprehensive loss for the period	-	-	-	-	(8,406,734)	(8,406,734)
Balance, June 30, 2021	**65,794,205**	**10,468,927**	**410,864**	**2,645,702**	**(8,406,734)**	**5,118,759**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Nobel Resources Corp. (formerly Nobel29 Resources Corp.)
Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian Dollars- unaudited

	Note	Nine months ended June 30, 2021 $
Cash (used in)/provided by:		
Operating activities		
Net loss		**(8,406,734)**
Items not involving cash:		
Amortization	6	**9,553**
Interest payable	6	**786**
Share-based compensation	7	**2,645,702**
Adjustment for reverse takeover transaction		**57,948**
Changes in non cash working capital		
Change in amounts receivable		**(130,957)**
Change in prepaid expenses		**(209,659)**
Change in accounts payable and accrued liabilities		**548,188**
Net cash flows (used in) operating activities		**(5,485,173)**
Financing activities		
Proceeds from private placement of common shares	7	**2,885,000**
Payment of share issuance costs related to private placement	7	**(68,411)**
Proceeds from subscription receipt issuance	7	**8,808,000**
Payment of subscription receipt issuance costs	7	**(748,398)**
Principal payments on lease liability	6	**(10,080)**
Warrants exercised	8	**3,600**
Net cash flows provided by financing activities		**10,869,711**
Net increase in cash during period		**5,384,538**
Cash, beginning of period		**8,227**
Cash, end of period		**5,392,765**
SUPPLEMENTAL INFORMATION		
Broker warrants issued	7	**413,060**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Nobel Resources Corp. (the “Company”, or “Nobel”) was incorporated on August 20, 2020 under the laws of the Province of Ontario. The Company commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange (“TSXV") on April 20, 2021 under the new trading symbol “NBLC”. The Company also trades on the OTC Pink Market in the United States under the symbol “NBTRF”.

The Company owns the following subsidiaries:

- A 100% interest in Grupo Los Nogales S.A. (“Nobel Panama”), a company incorporated on July 20, 2010 in Panama which in turn owns 100% of Mantos Grandes Resources Chile SpA. A company incorporated on June 22, 2018 in the Republic of Chile.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 36 Lombard Street, 4th Floor, Toronto, Ontario, M5C 2X3.

On April 14, 2021, the Company closed its previously announced reverse takeover transaction (the “Transaction”) with Novo19 Capital Corp. (“Novo19”). The Transaction was completed by way of a “three-cornered” amalgamation pursuant to the provisions of the *Business Corporations Act* (Ontario). Prior to the completion of the Transaction, Novo19: (i) completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation Share for every 6.6667 pre-consolidation Shares; and (ii) changed its name from "Novo19 Capital Corp." to "Nobel29 Resources Corp.” Pursuant to the Transaction, all common shares of the Company were exchanged for post-consolidation shares on a one-for-one basis for common shares of Nobel29 and the Company and 2791419 Ontario Inc., a -wholly-owned subsidiary of the Company newly incorporated under the *Business Corporations Act* (Ontario) for the sole purpose of effecting the Transaction, amalgamated with the resulting entity continuing as a wholly owned subsidiary of the Company under the name “Nobel Resources Corp.” Pursuant to the Transaction: (i) a total of 62,732,500 Company shares were exchanged for post-consolidation shares of Nobel29 on a one-for-one basis; (ii) warrants exercisable for a total of 1,907,400 Company shares were exchanged on a one-for-one basis for equivalent warrants of Nobel29; and (iii) options exercisable for a total of 3,775,000 Company shares were exchanged on a one-for-one basis for equivalent options of Nobel29. With the completion of the Transaction, Nobel has 65,758,290 post-consolidation shares issued and outstanding (on an undiluted basis).

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

At June 30, 2021, the Company had working capital of $5,108,011 (September 30, 2020- working capital deficit of $57,949), and a deficit of $8,406,734 (September 30, 2020- $3,555,031). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2020.

Basis of presentation

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar.

2. BASIS OF PRESENTATION (continued)

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The Company has a 100% interest in Grupo Los Nogales S.A. (“Nobel Panama”), a company incorporated on July 20, 2010 in Panama which in turn owns 100% of Mantos Grandes Resources Chile SpA (“Nobel Chile”), a company incorporated on June 22, 2018 in the Republic of Chile. The Company acquired control of Nobel Panama and its subsidiary on September 18, 2020 (see Note 4). Subsidiaries are consolidated from the date control is acquired and ceases if control is lost.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for the three and nine months ended June 30, 2021 were reviewed, approved and authorized for issue by the Board of Directors of the Company on August 24, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Expressed in Canadian Dollars- unaudited

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies (see Note 13).

4. ACQUISITION OF SUBSIDIARY

On September 18, 2020, the Company acquired Nobel Panama. Nobel Panama has a wholly owned subsidiary, Nobel Chile. At the acquisition date, Nobel Chile held an interest in a letter of intent to enter into an option agreement to acquire an interest in the Algarrobo Property Chile (Note 5). As Nobel Panama and Nobel Chile did not meet the definition of a business as per IFRS 3, the acquisition was treated as an asset acquisition. Details of the allocation of the estimated fair values of identifiable assets acquired and liabilities assumed and price consideration are as follows:

Consideration paid (US$ 25,000)	$	33,213
Purchase price allocation:		
Cash	$	20,107
Accounts payable	$	(33,687)
Exploration and evaluation expense	$	46,793
	$	33,213

5. EXPLORATION AND EVALUATION EXPENDITURES

Algarrobo Property, Chile

On December 14, 2020, the Company signed an option agreement between a wholly owned subsidiary of the Company, Mantos Grandes Resources Chile SpA and Minera Caldera SCM, an arm’s length corporation, whereby the Company has the option, subject to certain conditions therein, to obtain a 100% interest in the mining rights associated with the Algarrobo Property.

To fully exercise the option, the Company is required to make the following payments:

- US$100,000 (paid October 2020);
- US$147,600 (paid December 2020);
- US$250,000 (paid subsequent to the period end);
- US$450,000 by August 18, 2022;
- US$1,000,000 by August 18, 2023
- US$5,000,000 by August 18, 2024;
- US$5,000,000 by August 18, 2025; and
- US$3,000,000 by the earlier of the Company obtaining certain exploitation funding, or August 18, 2027.

The vendor will retain a Net Smelter Return (“NSR”) royalty of 2%.

Expressed in Canadian Dollars- unaudited

5. EXPLORATION AND EVALUATION EXPENDITURES (continued)

		Nine months ended June 30, 2021
Property option payments	$	384,278
Acquisition of subsidiary		46,793
Mining and drilling		1,615,311
Topographic surveys		699,161
Laboratory analysis		79,892
Field supplies		113,613
Professional fees		127,321
Land management fees, taxes and permits		135,085
Travel, meals and accomodations		45,345
Project overhead costs		1,030,155
Total exploration and evaluation expenses	**$**	**4,276,952**

6. LEASE

On November 3, 2020, Nobel Chile signed an office lease agreement for a property located at 363 Costa de Atacama Street, Villa Costa del Sol, city of Caldera, region of Atacama, Chile. The agreement has a termination date of March 31, 2022 and monthly rent payments of 700,000 Chilean pesos ($1,260).

Right of use asset		
Balance, August 20, 2020	$	-
Additions		20,301
Amortization		(2,388)
Balance, December 31, 2020	$	17,913
Amortization		(7,165)
Balance, June 30, 2021	$	10,748

Lease liability		
Balance, August 20, 2020	$	20,301
Lease accretion		238
Lease payments		(2,520)
Balance, December 31, 2020	$	18,019
Lease accretion		547
Lease payments		(7,560)
Balance, June 30, 2021	$	11,006
Current portion	$	11,006
Long term portion	$	-

Expressed in Canadian Dollars- unaudited

7. COMMON SHARES

Authorized

On June 30, 2021, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding		Amount
Balance, September 30, 2020	**12,905,335**	**$**	**2,339,183**
Private placement	600,000		30,000
Balance, December 31, 2020	**13,505,335**	**$**	**2,369,183**
Private placements (i)	41,712,500		2,885,000
Broker warrant valuation	-		(40,060)
Reverse takeover transaction (Note 1)	(11,479,630)		(2,369,183)
Subscription receipts (ii)	22,020,000		8,808,000
Share issue costs	-		(1,189,809)
Exercise of warrants	36,000		5,796
Balance, June 30, 2021	**65,794,205**		**10,468,927**

(i) On August 20, 2020 (date of incorporation), the Company issued 18,000,000 common shares for nominal consideration to the founders of the Company.

On October 9, 2020, the Company completed the first tranche of a private placement financing by issuing 15,300,000 common shares at a price of $0.10 per share for gross proceeds of $1,530,000 and a second tranche on October 22, 2020 by issuing 6,700,000 common shares at a price of $0.10 per share for gross proceeds of $670,000. The Company issued 208,000 broker warrants for tranche 1 and 60,000 broker warrants for tranche 2. Each broker warrant is exercisable into one common share of the Company at a price of $0.10 per warrant until October 9, 2022 for tranche 1 and October 22, 2022 for tranche 2. The fair value of the broker warrants issued was estimated at $16,348 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120% based on volatilities of comparable companies; risk-free interest rate of 1.45% and an expected life of 2 years.

On January 11, 2021, the Company completed the first tranche of a private placement financing by issuing 525,000 common shares at a price of $0.40 per share of gross proceeds of $210,000 and a second tranche on February 11, 2021 by issuing 1,187,500 at a price of $0.40 per share for gross proceeds of $210,000. The Company issued a total of 98,000 broker warrants, each exercisable to acquire one common share at a price of $0.40 for a period of 24 months. The fair value of the broker warrants issued was estimated at $23,712 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120% based on volatilities of comparable companies; risk-free interest rate of 0.26% and an expected life of 2 years.

(ii) On January 14, 2021, the Company closed a private placement of subscription receipts ("Subscription Receipts") by issuing 22,020,000 Subscription Receipts at a price of $0.40 each, for gross proceeds to the Company of approximately $8.8 million. Directors and officers of the Company subscribed for 375,000 subscription receipts for gross proceeds of $150,000.

A total of 1,541,000 broker warrants, each exercisable to acquire one common share at a price of $0.40 for a period of 24 months, were issued in connection with the offering. The fair value of the broker warrants issued was estimated at $373,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120% based on volatilities of comparable companies; risk-free interest rate of 1.45% and an expected life of 2 years.

Expressed in Canadian Dollars- unaudited

7. COMMON SHARES (continued)

Immediately prior to the closing of the reverse takeover transaction (Note 1), each Subscription Receipt was converted into one common share of the Company pursuant to the Transaction.

8. EQUITY RESERVES

Warrants

The changes in warrants issued during the period ended June 30, 2021 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2020	**-**	**$ -**	**$ -**
Granted, October 2020	268,000	0.10	16,348
Granted, January 2021	1,541,400	0.40	373,000
Granted, February 2021	98,000	0.40	23,712
Exercised, April 2021	(36,000)	0.10	(2,196)
Balance, June 30, 2021	**1,871,400**	**$ 0.36**	**$ 410,864**

The following summarizes the warrants outstanding as at June 30, 2021:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
208,000	208,000	09-Oct-20	09-Oct-22	$0.10	12,688	120%	1.45%	2.00	0%
24,000	24,000	22-Oct-20	22-Oct-22	$0.10	1,464	120%	1.45%	2.00	0%
1,541,400	1,541,400	11-Jan-21	11-Jan-23	$0.40	373,000	120%	0.26%	2.00	0%
98,000	98,000	22-Jan-21	22-Jan-23	$0.40	23,712	120%	0.26%	2.00	0%
1,871,400	**1,871,400**				**410,864**				

The weighted-average remaining contractual life of the warrants as of June 30, 2021 is 1.50 years.

Share-based payments

The changes in stock options issued during the period ended June 30, 2021 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, September 30, 2020	**-**	**$ -**	**$ -**
Granted, April 2021	5,325,000	0.47	2,645,702
Balance, June 30, 2021	**5,325,000**	**$ 0.47**	**$ 2,645,702**

On April 14, 2021, the Company granted a total of 3,775,000 stock options to directors, management, and consultants of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.40 per option, expiring March 2, 2026. The fair value of the stock options issued was estimated at $1,797,075 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 174% based on volatilities of comparable companies, risk-free interest rate of 0.95% and expected average life of 4.88 years.

Expressed in Canadian Dollars- unaudited

8. EQUITY RESERVES (continued)

Share-based payments (continued)

On April 22, 2021, the Company granted a total of 1,550,000 stock options to directors and management of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.64 per option, for a period of five years from the date of grant. The fair value of the stock options issued was estimated at $848,627 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 172% bases on volatilities of comparable companies, risk-free interest rate of 0.93% and expected average life of 5 years.

Options outstanding as at June 30, 2021 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
3,775,000	3,775,000	14-Apr-21	02-Mar-26	$0.40	1,797,075	174%	0.95%	4.88	0%
1,550,000	1,550,000	22-Apr-21	22-Apr-26	$0.64	848,627	172%	0.93%	5.00	0%
5,325,000	**5,325,000**				**2,645,702**				

The weighted-average remaining contractual life of the options as of June 30, 2021 is 4.71 years.

9. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts. The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three months ended June 30, 2021.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

10. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at June 30, 2021, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*
The Company is not exposed to significant trade credit risk.

b. *Cash*
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Chilean Peso from its property interest in Chile and US dollars from operations. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

10. FINANCIAL INSTRUMENTS (continued)

As at June 30, 2021, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

		June 30, 2021 Chilean pesos
Cash	$	771,083
Accounts receivable		33,372
Accounts payable and accrued liabilities		(564,576)
	$	239,879

A 10% strengthening (weakening) of the Canadian dollar against the Chilean peso would decrease (increase) net loss by approximately $(24,000).

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2021, the Company had a cash balance of $5,392,765 (September 30, 2020: $8,227) to settle accounts payable, accrued and lease liabilities of $640,043 (September 30, 2020: $80,849). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold and copper. Commodity price risk is remote as the Company is not a producing entity.

11. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and nine months ended June 30, 2021, the remuneration of directors and other key management personnel was as follows:

	Nine months ended June 30, 2021 $	2020 $
Consulting fees	349,405	-
Share-based compensation	2,229,162	-
	2,578,567	**-**

At June 30, 2021, the Company had $14,012 owing to its key management. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment or "due on demand", included in accounts payable and accrued liabilities.

In connection with the October 9, 2020 private placement (see Note 7), an officer of the Company subscribed for 500,000 common shares of the Company for total proceeds of $50,000.

Expressed in Canadian Dollars- unaudited

12. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Chile. The following tables summarize the total assets and liabilities by geographic segment as at June 30, 2021:

June 30, 2021		**Chile**		**Canada**		**Total**
Cash	$	771,083	$	4,621,682	$	5,392,765
Amounts receivable		33,372		112,258		145,630
Prepaid expenses and advances		11,989		197,670		209,659
Right-of-use-asset		10,748		-		10,748
Total Assets	**$**	**827,192**	**$**	**4,931,610**	**$**	**5,758,802**
Accounts payable and accrued liabilities	$	564,576	$	64,461	$	629,037
Lease liability		11,006		-		11,006
Total liabilities	**$**	**575,582**	**$**	**64,461**	**$**	**640,043**

September 30, 2020		**Chile**		**Canada**		**Total**
Cash	$	-	$	8,227	$	8,227
Amounts receivable		-		145,630		145,630
Total Assets	**$**	**-**	**$**	**153,857**	**$**	**153,857**
Accounts payable and accrued liabilities	$	-	$	80,849	$	80,849
Total liabilities	**$**	**-**	**$**	**80,849**	**$**	**80,849**

13. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $263,000 with regards to termination pay and additional contingent payments of up to approximately $912,250 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.